

SPEAKER BARRETT: The mike was not on.

SENATOR V. JOHNSON: Yes, the closely held family corporation is specifically excluded from the capital gains provisions of this bill.

SENATOR SCHMIT: And why?

SENATOR V. JOHNSON: Because we felt that the closely held family corporation could abuse the capital gains provision of this bill. So what we developed is a little model that allows for family corporations, but there have to be some nonfamily members in the family corporation.

SENATOR SCHMIT: Well, Senator Johnson, it is an amazing situation we have here today. The Constitution of the State of Nebraska states that only a family farm corporation can exist in this state. On the other hand, under the benefits of 775, a family corporation cannot participate. Now you have, in a very narrow way again, you have excluded farmers. Now, Mr. Taggares and his family may qualify because they have been in this state long enough, perhaps, that they come under the grandfather provisions. If they do not, Senator, then I will be even more upset with you than I am right now. But what you are saying is that another operation, such as the Taggares operation, would not be qualified. It is an amazing thing to me why, I see nothing particular wrong sometimes with size, I admire people who can build a large company, the ConAgras and the rest of them. But it is strange that when you do it in business it is a good idea, when you do it in agriculture it is something to be abhorred. Ladies and gentlemen, the provisions, on page 21 of the bill, lines 16 to 21, are definitely antiagriculture, definitely antifamily farm, definitely antifamily corporation. Now, Senator Johnson, you said you were afraid the closely held family corporation could abuse the provisions. When we were discussing the capital gains you said, you know, one of our friends said, it doesn't make any difference to me what you do about that, I can handle it, I can handle it. I'm sure you can. I don't consider that an abuse. I consider that using the law the way it is supposed to...the way many people do. Abuse is in the eyes of the beholder. There are those who would say it is an abuse to transfer your residence to another state to avoid paying those taxes. It is a fact of life. When the Legislature refused, after your stirring plea, to adopt my amendment it means that you have narrowed down the benefits to principally